

HOUSE BILL REPORT

SSB 5116

As Reported by House Committee On:
Community & Economic Development & Trade

Title: An act relating to creating a public-private tourism partnership.

Brief Description: Creating a public-private tourism partnership.

Sponsors: Senate Committee on Economic Development, Trade & Management (originally sponsored by Senators Kastama, Kilmer, Kauffman, McAuliffe, Shin, Parlette, Kohl-Welles, Rasmussen and Regala; by request of Governor Gregoire).

Brief History:

Committee Activity:

Community & Economic Development & Trade: 3/19/07, 3/28/07 [DP].

Brief Summary of Substitute Bill

- Eliminates the Tourism Advisory Committee.
- Creates the Washington Tourism Commission.
- Creates the Tourism Enterprise Account.

HOUSE COMMITTEE ON COMMUNITY & ECONOMIC DEVELOPMENT & TRADE

Majority Report: Do pass. Signed by 8 members: Representatives Kenney, Chair; Pettigrew, Vice Chair; Bailey, Ranking Minority Member; McDonald, Assistant Ranking Minority Member; Chase, Darneille, Rolfes and P. Sullivan.

Staff: Tracey Taylor (786-7196).

Background:

According to the "Washington State Statewide Travel Impacts and Visitor Volume 1991-2006" report prepared by Dean Runyan Associates, the performance of the Washington travel industry for calendar year 2006 exceeded the U.S. travel industry in terms of spending, employment, and air travel. Total direct spending in Washington is estimated to be \$13.8

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billion for 2006, which is an 8.6 percent increase over 2005. International visitors account for 10 percent of all visitor spending for the year. Travel spending directly generated \$908 million in state and local tax revenues in 2006. Over one-half of visitor spending is spent by overnight visitors who stay in commercial lodging. In 2006, travel spending directly supported 146,100 jobs with earnings of \$4.0 billion. Dean Runyan Associates found that visitor spending has a greater impact in rural counties than urban. In fact, rural counties were the top 10 counties with the highest proportion of travel generated earnings, employment, and tax receipts.

The State Tourism Program is administered by the Department of Community, Trade and Economic Development (DCTED). The DCTED is advised by the Tourism Development Advisory Committee (TDAC). The TDAC is comprised of 15 members, including four legislators. The remaining 11 members are appointed by the Director of the DCTED. The TDAC must meet at least twice per year, and they are charged with reviewing and commenting on the tourism development plan presented by the DCTED. In addition, the TDAC may advise the Director of the DCTED concerning the tourism activities the DCTED should take.

At the end of each fiscal year, the DCTED must submit a report to the policy and fiscal committees of the Legislature describing the tourism development program and quantify the financial benefits to the state. In addition, the report must contain information regarding targeted markets, benefits to different areas of the state, the return on the state's investment, and other relevant information regarding tourism development.

Summary of Bill:

The current Tourism Development Advisory Committee is abolished. The Washington Tourism Commission (Commission) is created and shall be co-chaired by the Director of the DCTED and by an industry member elected by the other Commission members.

Membership

There are 19 members of the Commission, including four legislators, one from each of the major caucuses of the House of Representatives and the Senate. The House of Representative members shall be appointed by the Speaker of the House and the Senate members shall be appointed by the President of the Senate. The remaining 15 members shall be appointed by the Governor. Prior to making appointments, the Governor must consider nominations from recognized organizations that represent the entities or interests from the industry sectors that must have representation under this act. The 15 members appointed by the Governor must include: three representatives of the lodging industry (two of whom shall be chosen from a list of three nominees from the largest lodging industry trade association), three representatives from nonprofit destination marketing organizations or visitors and convention bureaus; three representatives from the arts, entertainment, attractions or recreation industries; four private industry representatives, including two from the food, beverage and wine industries, and two from the travel and transportation industries; the Chair of the Washington

Convention and Trade Center; and the Director of the DCTED. In making the appointments, the Governor must endeavor to balance the geographic and demographic composition of the Commission to include members with special expertise from tourism organizations, local jurisdictions, and small businesses directly engaged in tourism-related activities.

Legislative members of the Commission shall serve two-year terms. Non-legislative members shall serve three-year terms. The first members shall be appointed to staggered terms in order to ensure that each year only one-third of the non-legislative members' terms end.

Administration

The Commission must meet at least four times per year; however, if necessary, they may meet more often. Members of the Commission will be reimbursed for travel expenses. A quorum is necessary to conduct business and shall consist of a majority of the members. Staff support shall be provided by the DCTED and an executive director, appointed by the Director of the DCTED in consultation with the Commission, shall administer the Commission.

Powers and Duties

In cooperation with public and private tourism development organizations, the Commission must pursue a coordinated program to expand the tourism industry throughout Washington.

The Commission must develop and approve, as well as update when necessary, a six-year strategic plan. The strategic plan at a minimum must include: promoting Washington as a tourism destination to national and international markets, including nature-based and wildlife viewing tourism; providing information to businesses and local communities on tourism opportunities that could expand local revenues; assisting local communities to strengthen their tourism partnerships; providing leadership training and assistance to local communities to facilitate the development and implementation of local tourism plans; and coordinating the development of a statewide marketing plan by March 31, 2008, and every two years thereafter. If the Commission does not adopt a marketing plan by March 31 of each even-numbered year, the DCTED Director has the authority to approve a tourism marketing plan. The marketing plan must specifically address the mechanisms for: funding national and international marketing and nature-based tourism efforts; interagency cooperation; and integrating the state plan with local tourism plans. The DCTED staff is responsible for implementing the strategic plan and the tourism marketing plan.

The Commission may solicit and receive gifts, grants, funds, fees and endowments for the Tourism Enterprise Account. The Commission may also host conferences and strategic planning workshops relating to nature-based and wildlife viewing tourism. In addition, the Commission may conduct or contract for tourism-related studies and contract with individuals, businesses or public entities to carry out its tourism related activities. The Commission may provide tourism-related organizations with marketing and other technical assistance.

Grant Program

A Tourism Competitive Grant Program (Grant Program) is created as an ongoing program to enhance local efforts that support tourism-related activities. The Commission is tasked with

developing and publicizing the formal selection criteria for the Grant Program. The grant criteria should include: the return on investment of state funding; the availability of other financial resources to the applicant; and the level of community support. Eligible applicants include local governments, nonprofit organizations, and federally recognized Indian tribes.

Subject to available funding, the Commission shall solicit applications and award grants to successful applicants at least once per year. Grant awards must reflect geographic and demographic diversity and the variety of tourism activities. In addition, grant recipients are required to match the grant with equal funds; however, the match cannot be in-kind donations. The maximum grant award shall be determined by the Commission and may not be used for administrative costs.

Report

Annually, the Commission must submit a tourism report to the Legislature. The report must include information regarding the competitive grants disbursement and a copy of the most recent strategic plan.

Tourism Enterprise Account

The Tourism Enterprise Account is created in the custody of the State Treasurer. Gifts, grants, fees and endowments received from tribal, local and other governmental entities, as well as private sources must be deposited into the Tourism Enterprise Account instead of the Tourism Development and Promotion Account. Only the Commission executive director or designee may authorize expenditures from the Tourism Enterprise Account, which is subject to allotment, but not appropriation.

Funds from the State Convention and Trade Account will be transferred into the Tourism Enterprise Account. These funds must be matched with private sector cash contributions or through in-kind contributions. For Fiscal Year 2009, 25 percent of the transferred funds are subject to the matching requirement. In Fiscal Year 2010, 50 percent of the transferred funds are subject to the matching requirement. Beginning in Fiscal Year 2011 and thereafter, the transferred funds must be matched 100 percent with private contributions.

Beginning in Fiscal Year 2008, up to \$4 million of funds from the State Convention and Trade Account may be transferred to the Tourism Enterprise Account. In addition, up to \$500,000 may be transferred from the State Convention and Trade Account to the Tourism Development and Promotion Account. Funds necessary for debt service and reserves for bonds issued and future issuances for the Museum of History and Industry as well as for the expansion of the State Convention and Trade Center must be maintained in the State Convention and Trade Account. No less than \$6.15 million per year, subject to an annual escalation, shall be retained in the State Convention and Trade Account for funding the State Convention and Trade Center capital maintenance. In addition, sufficient funds to fund operating appropriations for the annual operation of the Convention Center must be retained in the State Convention and Trade Center.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony:

(In support) This bill demonstrates Washington is committed to developing our tourism industry. In the past, we have undervalued the tourism industry. The industry generates \$14 billion in revenues and is a key component of this state's economic development. The bill creates a legacy for the state's reputation. This is a great state to market with all of its varied features and the demand is out there.

(In support with concerns) The grant program to promote local tourism efforts has no linkage to the moneys in any of the tourism accounts. There should be some linkage to at least one of the funds to ensure the future funding.

(Opposed) None.

Persons Testifying: (In support) Senator Kastama, prime sponsor; Becky Bogard, Washington Association of Convention and Visitors Bureaus; and Don Welsh, Seattle Visitor and Convention Bureau and Washington Association of Convention and Visitors Bureaus.

(In support with concerns) Doug Levy, City of Federal Way.

Persons Signed In To Testify But Not Testifying: None.